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Prod. 5(d)

DCI/IC 75-0982
29 October 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Management by Objectives (MBO)

1. On October 20, Mr. James Lynn, Director of OMB met with the DCI to exchange informally, their views on this subject and on intelligence management techniques in general. Mr. Lynn is preparing a draft for the President toward a renewed application of "MBO" throughout government.

2. The two-hour discussion hit on a variety of related items. Mr. Colby and General Wilson highlighted several aspects of the intelligence business--its nature and current style of management--to explain and provide contrast to Mr. Lynn's impression that "intelligence seems to be much like the world of R&D a world of expectations, breakthroughs, and considerable investment". Mr. Lynn also noted, his feeling that "this difficult time for intelligence" might be seized as an "opportunity" to implement more initiatives which could enhance further the whole business of conducting US foreign intelligence.

3. On this point, Mr. Colby drew attention to things that have been done over the past couple of years in particular, to strengthen guidance of this complex business. He described the "family of documents"--objective-oriented tools--developed to strengthen Community guidance, program management, and productivity. (Some of these documents were reviewed "with interest" only recently by Mr. Lynn.) General Wilson explained in some detail ...

- how the *DCI's Perspectives for Intelligence* (five-year outlook) sets the stage for development of annual *Objectives* for the Community;

- the refinement and amplification of substantive intelligence *Objectives* via *Key Intelligence Questions*;

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- the resource "strategy" approach to answering KIQs; and

- Community performance results acquired through the KIQs Evaluation Process (KEP)--an iterative process.

4. Mr. Colby expressed his strong satisfaction with results thus far of this overall technique and the KIQ-KEP device, in particular. He explained that guidance of this sort, suitable to the complex nature of intelligence, would produce optimum results in three-to-five years from initiation. He added that the utility of these tools will be enhanced even further when they are:

- phased into more exacting points in the intelligence budget and programming cycle (improved phasing has occurred in each of the last two years); and

- when the intelligence requirements mechanism, of which they are a part, has been made less complicated and more streamlined--efforts are under way to develop a smoother and more effective "national intelligence requirements mechanism".

5. General Wilson punctuated Mr. Colby's whole point by recounting his frustration when, as newly appointed military attache to Moscow, he arrived at his post to find "literally hundreds of intelligence or intelligence-related requirements" facing him. Nowhere, could he find a comprehensive setting of those requirements; their priorities--and indeed, what they were all about. Strict security at the post precluded his communicating the dilemma to gain solutions. A trip to London enabled him in discussions with others, to get a fix on the matter. He was then able to put the "hundreds" into perspective; strategize the problem; and set his objectives for best results.

6. Other items mentioned or discussed included ...

Values of Intelligence--Mr. Lynn echoed current popular concern on the value of intelligence information in relation to the cost to acquire it. Mr. Colby explained how direct relationships of this sort are extremely difficult and often impossible to describe in this business of dealing with myriad topics in a foreign environment that is constantly

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changing. He centered his remarks on the overriding importance of "capability to acquire". On a point of "intelligence use" value, Mr. Colby explained that on occasion, extremely valuable intelligence information has been acquired at great effort and considerable cost, but due to a change in circumstances at the national policy level or other reasons, the intelligence was not used. "Does the fact that it was not used, lessen the value"?

National Intelligence Officers--in the context of substantive guidance and management, Mr. Colby explained the role and importance of his NIOs. These senior intelligence officers who are expert in selected substantive fields "sit in his (DCI) chair" and act for him. They are his means of staying abreast of what is going on around the world and what the various intelligence programs should be focusing on. While they are not line managers for intelligence collection and production programs, it is their job to help him keep those managers "wired-in".

"Eggs in a Basket"--views were exchanged on the relatively high cost of collection means--managing them in the best way possible--and against vulnerabilities. Mr. Lynn opined that he does not "go for great big aircraft carriers". In fact, he would find it easy to agree with even sizable expenditures for more, smaller carriers equipped with short-takeoff planes. Discussion targeted on space vehicle vulnerability. Mr. Colby allowed that indeed, "just a little kick" (his foot left the floor) could put-out a satellite but such vulnerabilities are attendant to "both sides". A space agreement could result because of the mutual problem of vulnerability. Mr. Colby furthered the point as it relates to the national-tactical environment. For example, a tactical commander in the field who operates his forces from satellite output, can "go blind" if the satellite fails. The commander cannot afford such a risk. He must maintain intelligence capabilities of his own. (Mr. Colby recalled that in the Vietnam action, satellites and other remote sensors played a very heavy role--heavier than realized by most. Field commanders assumed that much of their intelligence was being acquired from less sophisticated and more immediate means. They were for the most part, unaware that it was in fact, coming from satellites, ship sensors, drones, and other more remote collectors.)

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Classified Annex--Mr. Ogilvie, OMB, remarked briefly on OMB's current interest in providing a classified annex on intelligence to the Congress as part of the President's Budget Recommendation package. He also expressed regret (taking responsibility on himself) for a lack of unanimity currently within the Intelligence Community on a reclama approach to reductions recommended by the House Appropriations Committee (FY 1976 Budget).

Resource Improvement--Mr. Colby reviewed briefly the difficult resource situation of the NFIP and the continuing pressures of economy in government--the strain and limitations on intelligence to deal with real-world problems that are becoming much more demanding. Mr. Lynn remarked on his understanding of the problem and particularly the cost inflation problem affecting purchase of high-technologies and related hardware. He assured Mr. Colby that convincing budget justifications will face challenge again and again but that a clear need will not be denied. In the area of manpower resources, Mr. Lynn emphasized the need for sound productivity measurements coupled with proven value of a given intelligence program. On the point of "productivity of the individual", Mr. Lynn expressed his frustration with the personnel policies of large bureaucracies. "I could go over to HUD tomorrow and take away 250 positions without hurting the Department". He went on, however, to point up the bureaucratic harangue entailed in the process--too much to face for most upper-level bureaucrats. He feels strongly that Agency and Department heads should be able to hire and fire more cleanly; the result is obvious--a leap in productivity. Mr. Colby described some of his own means to sift manpower ("wheat from the chaff") in a constructive way--even to finding other positions in government for people who probably didn't belong in intelligence in the first place. Mr. Lynn responded with positive surprise. He'd not been aware of this being done anywhere in government.

7. Throughout, Mr. Colby, General Wilson, and Mr. Knoche punctuated their comments toward helping Mr. Lynn to better understand the vast and complex nature of intelligence--a service more diverse in topics, methods, and means than perhaps, any other in government. The amiable (non-adversary discussion) closed with a continuing mutual interest regarding the merits and practical application of Management by Objectives.

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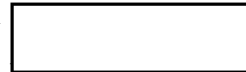
8. Attendees at the discussion were:

OMB

Mr. Lynn, Director
Mr. Ogilvie
Mr. Citrin
Mr. Keetch
Mr. Donahue

DCI

Mr. Colby, Director
Lt. Gen. Wilson
Mr. Knoche
Mr. Taylor (Dep. Comptroller, CIA)



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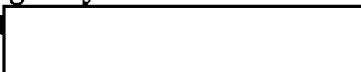
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Prod. 5d

DCI/IC 75-0981

23 October 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Management by Objectives (MBO)

1. On 20 October, Mr. James Lynn, D/OMB met with Mr. Colby, DCI to discuss and compare their respective views on this subject. Mr. Lynn is preparing a draft for the President toward a renewed application of this management technique throughout government.

2. The two-hour discussion covered many items relating to the matter but principally, how the DCI's "family" of objective-oriented guidance documents (Perspectives, Objectives, KIQs and the KEP process) are being used to guide Intelligence Community performance. Mr. Colby and General Wilson described the meaningful relationships of these management tools and gave several illustrations of how they are taking hold in the Community. From these, desired results are being produced--optimum results to be expected in a 3-5 year timeframe from when they were initiated about three years ago.

3. Mr. Lynn provided some of his philosophies on management and his impressions of the vast and complex world of intelligence--somewhat akin to the R&D world of expectations and breakthroughs.

4. Conversation explored broader objectives in the longer term where intelligence is concerned including implications of costs [redacted] and potential dangers (e.g., tactical field commander reliance on national technical means for the collection of intelligence--space satellites and their vulnerabilities).

5. Mr. Ogilvie remarked on OMB's current interest in providing a classified annex to the Congress for the intelligence budget for FY 1977.

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6. The session closed on a note of continuing mutual interest regarding the merits and practical application of Management by Objectives.

7. Attendees at the discussion were:

OMB

Mr. Lynn, Director
Mr. Ogilvie
Mr. Citrin
Mr. Keetch
Mr. Donahue

DCI

Mr. Colby, Director
Lt. Gen. Wilson
Mr. Knoche
Mr. Taylor (CIA/Comptroller)



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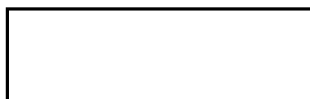
15 August 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Telecon with Edward Keech, OMB

1. Mr. Keech called at 1745 hours, 15 August, to talk about the subject, "Management by Objective," says he and Don Ogilvie want to resurrect MBO. There was a lot of name-dropping, implications of a strong dose of Presidential interest, references to a Presidential visit to the Pentagon where he talked with SecDef on this same subject. Mr. Lind would like to continue this thrust and wants to come here with Don Ogilvie in a month or so to talk about MBO for the Intelligence Community. In the meantime, Mr. Keech is endeavoring to do some leg-work with us. He knows that Mr. McManaway is still working with the Department of State, and is not sure who is the appropriate point of contact. He last saw our Research Management Objectives in the late spring or early summer and wonders concerning their present status.

2. I told Mr. Keech that the President's Substantive Intelligence Objectives and the DCI's Resource Management Objectives are currently being staffed with NSCIC against a deadline of 1 September. I promised him that we ^{would} get a set of these papers over to OMB for their possible interest so that they could see where we are at the present time. Subsequently I will indicate to him who is the appropriate point of contact to discuss a possible visit and the necessary preparation for it for the period late September - mid-October.



Samuel W. Wilson
Lieutenant General, USA
D/DCI/IC

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ITEM FOR MONDAY MORNING STAFFING

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